Spotlight

Estimating Impacts of Pandemic-Related Job Loss on Health Insurance Coverage among Adults Ages 50 to 64 During the First Year of COVID-19

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The coronavirus pandemic caused unprecedented job loss in the United States, including among older workers. The majority of adults ages 50 to 64 receive health insurance coverage through employment, so job loss has a significant impact on health insurance coverage and can result in interruptions or loss of coverage. Whether older adults losing health coverage are able to regain coverage, what type of coverage they enroll in, and how quickly they enroll depends on the pace of economic recovery. While not all job loss directly results in a loss of an individual’s coverage, it is important to understand potential coverage changes since health coverage plays a key role in protecting individuals from both health and financial risks.

AARP Public Policy Institute commissioned Avalere Health to estimate changes in insurance coverage among adults ages 50 to 64 over the course of 2020 and project potential changes through December 2022. Avalere estimated older adult enrollment in various sources of health insurance coverage—such as employer-sponsored, nongroup or individual, and Medicaid—under three economic recovery scenarios ranging from faster to slower.

Key Take-aways

Unemployment due to the COVID-19 pandemic has an important impact on older adults ages 50 to 64, the majority of whom rely on health insurance coverage through employment. Estimates show that:

• The pandemic’s impact on job loss resulted in changes in or loss of health coverage among many older adults ages 50 to 64.

• A significant number of adults in this age group lost employer-sponsored health insurance during the first few months of the pandemic.

• During the first year of the pandemic, more older adults became uninsured or enrolled in nongroup coverage or Medicaid than would have without the pandemic.
recovery (appendix A). Due to lags in public use data and a fluctuating economic outlook impacted by external conditions and events, the estimates provide a rough assessment of potential impacts on older adults’ health coverage.

In all three economic recovery scenarios, Avalere estimates that the pandemic’s impact on health coverage changes among 50- to 64-year-olds has been significant but smaller than its impact on job loss, consistent with what other analyses have found among people of all ages. This paper provides background on the pandemic’s impact on unemployment for older adults and discusses the implications of Avalere’s health coverage estimates.

**Background**

**COVID-19’s Impact on Unemployment for Adults Ages 50 to 64**

The COVID-19 pandemic and the associated economic downturn have had a major impact on US employment. While people ages 16 to 49 have experienced higher rates of unemployment during the pandemic than those ages 50 to 64, the impact of job loss on older adults has still been significant (figure 1).

The unemployment rate among adults ages 50 to 64 jumped significantly in the initial phase of the pandemic, from 2.5 percent in February 2020 to a high of 12.5 percent in April 2020, according to the Bureau of Labor Statistics. During that two-month period, 4.2 million older adults lost their jobs. In fact, the impact of the pandemic on older-adult unemployment is likely even larger than what is captured in these official estimates. One reason is that the economic downturn may have encouraged some older workers to retire earlier than they otherwise would have. These individuals exiting the labor market are not counted in the unemployment rate since they are not looking for work.

The unemployment rate among adults ages 50 to 64 has been gradually improving after its peak in April 2020. However, older-adult unemployment remained at 4.8 percent as of March 2021, a rate still nearly double prepandemic levels. The economic impact of the pandemic will likely be felt for some time, with Avalere estimating the unemployment rate among adults ages 50 to 64 could be as high as 4.9 percent by the end of 2022.

**FIGURE 1**

Monthly Unemployment Rate among Older Versus Younger Adults, February 2020–March 2021

![Graph showing monthly unemployment rate](source: AARP Public Policy Institute analysis of Basic Monthly CPS.)
Findings

Estimated Changes in Health Coverage among Older Adults
Data from Avalere Health’s model shed light on how pandemic-related unemployment may be impacting health insurance coverage, both in the past year and throughout 2021 and 2022. While some older adults likely lost insurance through their job, others who lost work may not have lost coverage for various reasons (discussed below). Some of those losing employer coverage likely enrolled in Marketplace or Medicaid coverage, while others remained uninsured.

Employer-Sponsored Insurance
The majority of adults ages 50 to 64 have health coverage through their employer. This group relies disproportionately on employer-sponsored insurance (ESI) compared to younger age groups, with an estimated 61 percent (or 38 million) enrolled in ESI in January 2020, compared to 57 percent (or 82 million) among adults 18 to 49. Projections, however, suggest many older adults who have lost ESI during the pandemic are regaining it slowly. Avalere estimates that between February and August 2020, about 800,000 adults ages 50 to 64 lost ESI, accounting for nearly 40 percent of all adults who lost ESI during that period. By January 2021, as many as 840,000 fewer older adults were estimated to be enrolled in ESI as a result of the pandemic. While this coverage loss is significant, it is relatively small compared to the total number of older adults who lost employment due to the pandemic. Between February and April 2020 alone, 4.2 million adults ages 50 to 64 became newly unemployed.

One potential reason for the relatively smaller impact on ESI is that pandemic-related job loss hit low-wage workers the hardest, many of whom may not have had employer-based health coverage in the first place. Another reason could be that among those who did lose employer coverage, some older adults were likely able to keep their employer coverage temporarily due to the Consolidated Omnibus Budget Reconciliation Act (COBRA) or may have been able to remain on employer-based coverage while furloughed. Others may have had access to job-based coverage through a spouse, domestic partner, or other source and would be able to get insured under that plan instead.

Older adults who lose insurance through their employer as a result of the COVID-19 pandemic are assumed to be more likely than younger adults to take up other sources of coverage for which they are eligible, such as Medicaid or nongroup coverage. Adults ages 50 to 64 are more likely than younger adults to have preexisting conditions, so this group is especially reliant on health coverage to afford care. As the economy slowly recovers, data indicate that enrollment in ESI will also slowly recover. However, even by the end of 2022, enrollment of 50- to 64-year-olds will not fully reach pre-COVID numbers. Based on trends from the last major recession (2007–14), it is likely that some people in this age group will not return to ESI even once the economy improves. Avalere estimates that by December 2022, as many as 450,000 fewer older adults could be enrolled in ESI than were enrolled pre-COVID.

Nongroup Market
The nongroup (individual) market, which includes people purchasing coverage on their own either on or off the ACA Marketplaces, is an important safety net for many people who lose employer coverage during the pandemic. Before COVID-19, older adults already relied on the nongroup market more heavily than other age groups. Avalere estimates that 6.6 percent of 50- to 64-year-olds were enrolled in nongroup coverage in January 2020. Despite pre-COVID trends showing the overall nongroup market shrinking over time for all ages, including older adults, Avalere estimates that these trends reversed in the early months of the pandemic. Before COVID-19, older adults already relied on the nongroup market more heavily than other age groups. Avalere estimates that 6.6 percent of 50- to 64-year-olds were enrolled in nongroup coverage in January 2020. Despite pre-COVID trends showing the overall nongroup market shrinking over time for all ages, including older adults, Avalere estimates that these trends reversed in the early months of the pandemic. Between March and August 2020, the number of adults ages 50 to 64 enrolled in the nongroup market grew by an estimated 210,000 people. Much of this group likely lost employer coverage and enrolled in ACA Marketplace coverage through a special enrollment period (SEP) that allows people to enroll outside of the usual open enrollment period. Avalere estimates that without the pandemic, nongroup enrollment among this age group would have fallen slightly (by 30,000) during that period.
Avalere estimates that in August 2020, about 240,000 more older adults were enrolled in the nongroup market than were projected to be enrolled had the pandemic not occurred. Since August 2020, Avalere estimates that nongroup enrollment has slowly declined, coinciding with an overall increase in employment and likely more older adults receiving ESI again. However, Avalere projects that enrollment in the nongroup market will remain elevated even by December 2022. Importantly, Avalere’s analysis was conducted prior to the American Rescue Plan Act (ARPA) of 2021 and the 2021 SEP, two federal actions that could further increase nongroup enrollment among older adults.13 The ARPA expanded financial assistance available for Marketplace coverage and the SEP created an opportunity to enroll in coverage.

Medicaid
Medicaid is a public health insurance program that acts as a critical safety net for millions of low-income Americans, including many older adults. Many of those losing employer coverage during the pandemic likely are newly eligible to enroll in Medicaid due to suddenly having low or no income. However, some newly uninsured older adults in states that did not expand Medicaid may not have access to either Medicaid or subsidized Marketplace coverage and therefore may remain uninsured.

Avalere estimates that Medicaid enrollment increased more than nongroup enrollment in the early months of the pandemic. Between March and August 2020, an estimated 460,000 adults ages 50 to 64 gained Medicaid coverage, over twice the number of older adults transitioning into the nongroup market during the same time period. Avalere predicts that Medicaid enrollment, which has stayed fairly steady since August 2020, will continue to remain elevated, with between 230,000 and 320,000 more expected to be enrolled by December 2022 than would have been expected without the pandemic.

Uninsured
The COVID-19 pandemic has caused many individuals to become uninsured from job loss—their own or that of a family member who had provided the coverage through their employer. Avalere estimates that in August 2020, nearly 200,000 more older adults were uninsured than would have been without the pandemic. Even as the economy gradually recovers, the number of uninsured older adults is projected to continue increasing through 2022. Although older adults are less likely to be uninsured than younger adults, Avalere estimates as many as 140,000 more older adults may be uninsured by December 2022 than would have been without the pandemic.14 An estimated 9.4 percent of 50- to 64-year-olds were uninsured prior to the pandemic, a figure that is projected to increase to 10 percent by the end of 2022.

While some who lost employer coverage may have become eligible for Medicaid or financial help on the ACA Marketplaces (nongroup market), there may be a variety of reasons why others remain uninsured. Some older adults in this group may not be eligible for Medicaid or ACA subsidies3 and may choose to become uninsured because they find available coverage (such as through the nongroup market or COBRA) to be unaffordable. Others may be unaware of opportunities, such as ACA SEPs, that allow people with certain recent life events (e.g., losing employer coverage) to enroll in ACA coverage outside of the usual open enrollment period.

Conclusion
The ongoing pandemic has impacted health insurance coverage among older adults, although the full extent of the impact still remains to be seen. Avalere estimates that between March and August 2020, there were relatively smaller decreases in employer coverage compared to overall job loss among older Americans. Nonetheless, hundreds of thousands of people were estimated to have lost employer coverage during that time. Estimates show an increase in Medicaid enrollment and nongroup market enrollment as individuals losing employer coverage transitioned to other sources of coverage. However, the number of uninsured older adults increased as well. It will be important for strong outreach, education, and enrollment-assistance efforts to continue in order to help connect the uninsured individuals to affordable coverage.
Appendix A: Methodology

Model Overview and Assumptions
Avalere’s model includes publicly available health insurance enrollment and unemployment data from the Congressional Budget Office (CBO), Medicare Trustees, the American Community Survey, Bureau of Labor Statistics, and other relevant sources to produce the estimates in this paper. Avalere modeled three scenarios of shifts in coverage: snapback economic recovery (scenario 1), flat recovery (scenario 2), and “W” curve recovery (scenario 3). All scenarios assume an unemployment peak of 20 percent in April 2020. Avalere applied CBO’s assumptions on elasticity of demand with respect to consumer behavior, analogues from the 2008 economic recession, and other relevant publicly available data. To develop uptake assumptions, Avalere started with national estimates and used Kaiser Family Foundation estimates of the percentage of a population within each age group with a preexisting condition to estimate the uptake rate for individuals ages 50 to 64. To determine the share of individuals who will not return to employer-sponsored insurance as the economy recovers, Avalere analyzed the change in the share of the population with employer-sponsored insurance during the last major recession from 2007 and 2014.

Model Limitations
Given the lack of concrete data on coverage shifts, as well as the uncertainty around the total number of unemployed individuals in the United States, Avalere relied on numerous assumptions that may change as new information becomes available. Model results are based on data as of December 15, 2020. Subsequent releases of unemployment insurance claims, demographics, CBO projections, disease trajectories, policy changes, and other developments may change the output of the model.
Appendix B: Modeling Projections

ESI Enrollment Projections among Adults 50–64, 2020–22

Uninsured Projections among Adults 50–64, 2020–22
**Nongroup Enrollment Projections among Adults 50–64, 2020–22**

![Diagram showing projected nongroup enrollment]

**Medicaid Enrollment Projections among Adults 50–64, 2020–22**

![Diagram showing projected Medicaid enrollment]


5 The total number of workers ages 55 and older in the US economy shrank from 37.8 million in February 2020, before the COVID-19-related layoffs began to take effect, to a low of 32.1 million in April 2020. It has since increased to 35.7 million by May 2021 but remains lower than it was in February 2020. Some of these individuals likely exited the labor market entirely and are therefore not counted as unemployed. For more details, see: “May 2021 Employment Data Digest,” May 2021, AARP Public Policy Institute, https://www.aarp.org/ppi/info-2020/employment-data-digest.html.

6 There was a similar trend among younger adults ages 16 to 49, with unemployment remaining elevated in March 2021.

7 The Affordable Care Act established health insurance marketplaces where people can purchase health coverage on their own.


9 The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) requires employers with 20 or more employees to provide temporary continuation of group health coverage in certain situations where it would otherwise be terminated. For more details, see: https://www.cms.gov/CCIIO/Programs-and-Initiatives/Other-Insurance-Protections/cobra_qna.


11 Avalere used three economic recovery scenarios. All scenarios show that after dropping from a high of 37.7 million in March to a low of 36.9 million in August 2020, ESI enrollment would increase overall between August 2020 and December 2022. This corresponds with a decrease in the unemployment rate as the economy slowly recovers.

12 Avalere’s nongroup enrollment estimate differs from prior analyses that AARP has published using KNG’s Health Reform Model due to slightly different methodologies. The prior AARP and KNG analysis can be found at: Jane Sung et al., “Enrollment and Coverage Trends for Americans Ages 50 to 64 in the Nongroup Health Insurance Market,” AARP Public Policy Institute, March 2021, https://www.aarp.org/content/dam/aarp/ppi/2021/03/enrollment-coverage-trends-americans-50-to-64-nongroup-market.doi.10.26419-2Fppi.00099.007.pdf.

13 For more information about how these federal actions could impact older adults, see: Jane Sung and Olivia Dean, “More Affordable Health Coverage Now Available for Pre-Medicare Adults”, AARP Public Policy Institute, March 31, 2021 https://blog.aarp.org/thinking-policy/more-affordable-health-coverage-now-available-for-pre-medicare-adults.

14 Modeled estimates under all three economic recovery scenarios produced similar results between February 2020 and December 2022, with steady modest increases in the number of uninsured. By December 2022, there could be up to 6,330,000 uninsured older adults, which is 140,000 more than under the baseline for the same month.

15 Older adults must meet certain income requirements to be eligible for Medicaid or ACA Marketplace subsidies. The American Rescue Plan Act of 2021 increased the income limits for eligibility for Marketplace subsidies. For more information, go to: Katie Keith, “New ACA Subsidies Available on April 1”, Health Affairs Blog, March 17, 2021 https://www.healthaffairs.org/do/10.1377/hblog20210316.222833/full/.